

**STATEMENT OF
COMMISSIONER MIGNON L. CLYBURN**

Re: *Allband Communications Cooperative Petition for Waiver of Certain High-Cost Universal Service Rules, Connect America Fund, WC Docket No. 10-90.*

America needs affordable, ubiquitous broadband. To get there, we have to spend our precious universal service dollars and of course, we should always spend them wisely. When we ask consumers to contribute their hard-earned cash to help build broadband networks, they need to be assured that their money is used responsibly. The FCC is a steward of that capital, and we must be vigilant against waste, fraud, and abuse, regardless of whether the offender is an individual or a company, or whether that money comes from the Lifeline, E-rate, rural health care, or high-cost program.

The universal service high-cost program was established to build and support networks in places where the business case cannot be made for deployment. But, a company has the obligation to use that support only for regulated activities, even if it is a provider of more than just regulated services. It is expected to allocate costs between regulated and unregulated activities—with universal service support provided only to reimburse regulated costs. Companies that abuse this trust by allocating excess costs into the regulated bucket artificially increase the amount of universal service support they receive. Allband did just that.

Certainly, cost allocation can be a difficult endeavor. But, the universal service fund should never be used as a company's private checking account to cover personal expenses such as college fund contributions for family members or flights for an employee's spouse to attend court cases. Nor should the universal service fund pay for almost all corporate operations expenses for the company when the unregulated side of the company is four times the size of the regulated side. These are particularly egregious actions and I fully support denying Allband's waiver requests and referring this case to the Commission's Enforcement Bureau.

And, this Order properly directs USAC to determine what that support should have been for the period in question. Once that work is complete, I would support quick action to get excess dollars out of Allband's hands and back into the universal service fund, where it can be put to use by those who will work to build out affordable, ubiquitous broadband.